



2015 SESSION

ADDITIONAL DOCUMENTS

Business Page

[Signed by Chairman]

Roll Call

Standing Committee Reports

Tabled Bills

Fiscal Reports

Rolls Call Votes

Proxy Forms

Visitor Registrations

***Any other documents, which were submitted after the committee hearing has ended and/or was submitted late [within 48 hours], regarding information in the committee hearing.**

***Witness Statements that were not presented as exhibits.**

Montana Historical Society Archives

225 N. Roberts

Helena MT 59620-1201

2015 Legislative

E-Document Specialist Susie Hamilton

BUSINESS REPORT

**MONTANA SENATE
64th LEGISLATURE - REGULAR SESSION**

SENATE LOCAL GOVERNMENT COMMITTEE

Date: Monday, February 16, 2015
Place: Capitol

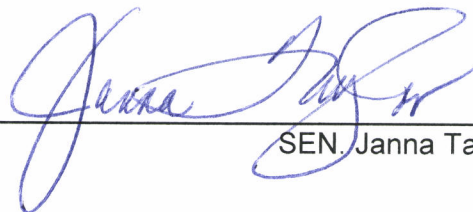
Time: 3:00 PM
Room: 405

BILLS and RESOLUTIONS HEARD:

SB 239 - Protect property rights of dog owners by prohibiting breed-specific ordinances - Sen. Douglas (Doug) Kary
SB 294 - Revise hospital district laws - Sen. Frederick (Eric) Moore
SB 303 - Revise rural fire district laws - Sen. Jill Cohenour

EXECUTIVE ACTION TAKEN:

Comments:



SEN. Janna Taylor, Chair

MONTANA STATE SENATE
Roll Call
LOCAL GOVERNMENT COMMITTEE

DATE: 2-16-2015

<u>NAME</u>	<u>PRESENT</u>	<u>ABSENT/ EXCUSED</u>
SENATOR JANNA TAYLOR, CHAIRMAN	✓	
SENATOR ED BUTTREY, VICE CHAIR	✓	
SENATOR JP POMNICHOWSKI, MVCH	✓	
SENATOR DICK BARRETT	✓	
SENATOR MARY MCNALLY		✓
SENATOR SCOTT SALES		✓
SENATOR BRUCE TUTVEDT		✓
SENATOR GORDON VANCE	✓	
SENATOR GENE VUCKOVICH	✓	

MONTANA STATE SENATE

SENATE LOCAL GOVERNMENT COMMITTEE

Monday, February 16, 2015

SB 303 - Revise rural fire district laws

Sponsor: **Sen. Jill Cohenour**

PLEASE PRINT

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[illegible]

Please leave prepared testimony with Secretary. Witness Statement forms are available if you care to submit written testimony.

MONTANA STATE SENATE

SENATE LOCAL GOVERNMENT COMMITTEE

Monday, February 16, 2015

SB 294 - Revise hospital district laws

Sponsor: **Sen. Frederick (Eric) Moore**

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[illegible]

Please leave prepared testimony with Secretary. Witness Statement forms are available if you care to submit written testimony.

SENATE LOCAL GOVERNMENT COMMITTEE

Sponsor: **Sen. Douglas (Doug) Kary**

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[illegible]

Please leave prepared testimony with Secretary. Witness Statement forms are available if you care to submit written testimony.



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Phone: 317.875.5250 | Fax: 317.879.8408

122 C Street N.W., Suite 540, Washington, D.C. 20001
Phone: 202.628.1558 | Fax: 202.628.1601

Additional Documents

SENATE: Local Government

Date: 2-16-15

Bill No. SB 303

February 15, 2015

Montana State Legislature
Senate Committee on Local Government
P.O. Box 200400
Helena, MT 59620-0400

*sent via personal delivery
by Greg Van Horssen*

RE: SB 303, Rural Fire District Laws – NAMIC’s Written Testimony in Opposition

Dear Senator Taylor, Chair; Senator Buttrey, Vice-Chair; Senator Pomnichowski, Vice-Chair;
and honorable members of the Senate Committee on Local Government:

Thank you for affording the National Association of Mutual Insurance Companies (NAMIC) an opportunity to submit written testimony to the Senate Committee on Local Government for the February 16, 2015, public hearing.

NAMIC is the largest property/casualty insurance trade association in the country, serving regional and local mutual insurance companies on main streets across America as well as many of the country’s largest national insurers.

The 1,400 NAMIC member companies serve more than 135 million auto, home and business policyholders and write more than \$196 billion in annual premiums, accounting for 50 percent of the automobile/homeowners market and 31 percent of the business insurance market. NAMIC has 134 members who write property/casualty insurance in the State of Montana, which represents 40% of the insurance marketplace.

Through our advocacy programs we promote public policy solutions that benefit NAMIC companies and the consumers we serve. Our educational programs enable us to become better leaders in our companies and the insurance industry for the benefit of our policyholders.

NAMIC’s members appreciate the importance of having properly funded rural emergency response services for the protection of citizens of the State of Montana. However, NAMIC is concerned about SB 303, because it is a form of “hidden taxation” and “double taxation” that is unfair to insurance consumers and tax payers, who expect that their state taxes will be used to pay for essential government functions, including public safety services like responding to traffic-related emergencies. NAMIC believes that *public services* should be funded through *public channels*, not by way of a “hidden tax” in the guise of a state mandated fee imposed on auto insurance consumers.

Additional Document

SENATE Local Government

Date

Bill No.

If additional funds are needed by rural fire districts, this is a public policy issue that needs to be properly evaluated, debated, and decided upon in a manner consistent with how other state, county, and municipal public service projects are addressed. This “back door” approach to funding a public safety service via a “hidden tax” would establish a troubling legal precedence, because it will encourage other public service programs to “by-pass” the public review and approval process for taxation, and lead them to directly pursue funding through “hidden taxation” channels.

NAMIC is also concerned that the proposed auto accident response fee or “crash tax” is a form of “double taxation”, because state, county, and municipal taxes are specifically collected to pay for public safety services, and citizens of the state have a reasonable expectation that they will not be taxed *again* for public services they have already paid for via their property taxes and other state, county, and municipal taxes. If rural fire districts need more funding, they should deal with the issue transparently and candidly with full disclosure to the citizens of the state and have the funding issue addressed through the current tax structure, not by way of a “hidden-double tax”.

Additionally, NAMIC is concerned that the proposed legislation discriminates against and punishes auto insurance consumers, because SB 303 only requires auto insurance consumers to pay for the auto accident response fees. From a societal fairness standpoint, why should only law-abiding motorists pay the auto accident response fees? How is it sound public policy to excuse uninsured motorists (law-breakers) from having to pay their fair share of auto accident response fees? Should society be financially reward driving without state mandated auto insurance?

NAMIC appreciates the fact that many people don’t think about how burdening auto insurance companies adversely impacts auto insurance consumers, but no business, including auto insurers, can incur a substantial new expense and not have it adversely impact the price of goods and scope of services provided to consumers. The proposed auto accident response fee would be a significant insurance rate cost-driver that could adversely impact affordability of auto insurance for consumers.

Further, SB 303 is inconsistent with the national trend on prohibiting “hidden taxation” and “double taxation” of citizens. Thirteen (13) states currently have laws that specifically prohibit or severely restrict the imposition of auto accident response fees. Moreover, consumer sentiment, understandably, is strongly in opposition to the imposition of “fees” on *private* businesses that are really “pass-through taxes” to fund *public* safety services, especially “fees” imposed on insurance consumers who are required to procure state mandated auto insurance coverage.

In addition to the aforementioned conceptual public policy concerns with SB 303, NAMIC also has several technical concerns with SB 303. First, there is no statutory guideline for when law enforcement should request district personnel to respond to a traffic-emergency. Since every response is a “money-maker” for the district, there is an economic incentive for district personnel to be called out to all auto accidents, whether they are truly needed or not. One could always justify the dispatch of the district personnel as a reasonable public safety precaution. Additionally, the proposed legislation does not provide any explanation or justification as to why district

personnel need up to \$1000.00 to respond to a traffic accident, nor are there any guidelines pertaining to how the accident response fee costs will be determined and justified as a necessary public safety measure. NAMIC is concerned that this funding proposal could end up becoming a “blank check” for local fire districts. Delegating broad price setting authority to boards of county commissioners without any legislative parameters is concerning. There must be reasonable cost-containment protocols in place to prevent this auto accident response fee or “crash tax” from becoming a misused funding source.

Additionally, NAMIC is concerned that the proposed fee is “per incident” – what does that mean? Is “per incident” the same as “per accident”? One could argue that an auto accident could have multiple traffic emergency incidents if there are multiple vehicles involved in the accident. So could one auto accident generate multiple “crash tax” fees? Also, how will the “crash tax” be allocated among multiple insured motorists? Will it be equally split or assessed to the at-fault driver? What if there is comparative fault among drivers? Will law enforcement make the at-fault determination, which is problematic, or will it be left to the judicial system? This proposed legislation is rife with legal and procedural issues that make this public safety funding proposal unwise and impractical.

Consequently, NAMIC respectfully requests that the Senate Committee on Local Government **VOTE NO on SB 303 – funding of public safety services should be addressed in public by taxpayers, not imposed in private on auto insurance consumers.**

Thank you for your time and consideration. Please feel free to contact me at 303.907.0587 or at crataj@namic.org, if you would like to discuss NAMIC’s written testimony.

Respectfully,



Christian John Rataj, Esq.
NAMIC – Senior Director of State Affairs
Western Region